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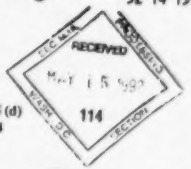

S92-2231

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIE : EXCHANGE ACT OF 1934

For the Quarter Ended March 31, 1992 Commission File Number 1-8800

OSAGE FOOTWEAR, INC.
(Exact name of registrant as specified in charter)

ARKANSAS	71-0700971
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

100 FIFTH STREET, MONETT, MO	65708
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code (417) 235-3122

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Class	OUTSTANDING AT MARCH 31,1992
Common stock, $.01 par value	16,597,400

Total # of pages 11

OSAGE FOOTWEAR, INC.

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Part I Item 1
Financial Information

Osage Footwear, Inc.
Condensed Balance Sheets
(In Thousands)

	March 31, 1992 (Unaudited)	December 31, 1991 (Audited)
Assets		
Current Assets:		
Cash	178	181
Accounts receivable:		
Trade, net of allowance for doubtful accounts	5,238	1,973
Trade, due from majority stockholder	20	75
Inventories	3,849	5,425
Prepaid expenses and other	241	184
Total current assets	9,526	7,838
Property, plant and equipment, net	1,326	1,271
Trade names and Other assets	444	476
Total Assets	11,296	9,585
Liabilities and Stockholders' Equity		
Current Liabilities:		
Revolving credit agreement	3,628	2,578
Accounts payable	243	509
Accrued liabilities	450	467
Current maturities of L-T debt	3,514	1,457
Assumed claims of creditors	56	85
Total current liabilities	7,891	5,096
Long-Term Debt:		
Promissory Notes	909	2,466
Total long-term debt	909	2,466
Other	640	640
Total Liabilities	9,440	8,202
Stockholders' Equity:		
Common Stock, $.01 par value: 50,000,000 shares authorized: 16,597,400 shares issued and outstanding	166	166
Capital in excess of par value	2,501	2,501
Retained Earnings (Deficit)	(811)	(1,284)
Total Stockholders' Equity	1,856	1,383
Total Liabilities and Stockholders' Equity	11,296	9,585

Osage Footwear, Inc.

Condensed Statements of Income (Loss)
(In Thousands, except per share amounts)
(Unaudited)

	Three months ended March 31, 1992	For the period from inception February 18 to March 31, 1991
Net Sales	7,059	2,146
Cost of sales	5,321	1,895
Gross profit	1,738	251
Selling, general and administrative expenses	1,305	519
Interest expense	150	80
Other income, net (Note 4)	(219)	(2)
	1,236	597
Income (loss) before retirement plan	502	(346)
Provision for retirement plan	29	0
Net income (loss)	473	(346)
Average number of shares outstanding (Note 6)	17,847	17,847
Income (loss) per share	0.03	(0.02)

No dividends were declared or paid in the period.

Osage Footwear, Inc.

Condensed Statements of Cash Flows
(In Thousands)
(Unaudited)

	Three months ended March 31, 1992	For the period from inception February 18 to March 31, 1991
Cash flows from operating activities:		
Net Income (loss)	473	(346)
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation and amortization	32	32
Change in assets and liabilities:		
Increase in accounts receivable	(3,210)	(686)
Decrease in inventory	1,576	861
Decrease (increase) in prepaid expenses	(57)	12
Decrease (increase) in trade names and other assets	32	(22)
Decrease in accounts payable	(266)	(389)
Increase (decrease) in accrued liabilities	(17)	176
Decrease in assumed creditor claims	(29)	(167)
Total adjustments	(1,939)	(183)
Net cash used by operating activities	(1,466)	(529)
Cash flows from investing activities:		
Proceeds from sale of property, plant & equipment	6	0
Additions to property, plant & equipment	(93)	(367)
Net cash used by investing activities	(87)	(367)
Cash flows from financing activities:		
Borrowings on revolving credit agreement, net	1,050	2,828
Borrowings from majority stockholder, net	2,000	300
Payments of notes payable	(1,300)	(2,120)
Gain on early payment of note payable	(200)	0
Net cash provided by financing activities	1,550	1,008
Net increase (decrease) in cash	(3)	112
Cash at beginning of period	181	0
Cash at end of period	178	112
Supplementary information:		
Interest paid for the period	189	360

OSAGE FOOTWEAR, INC.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND THE PERIOD FROM INCEPTION FEBRUARY 18, 1991 TO MARCH 31, 1991

(1) PRINCIPLES OF PREPARATION

The condensed financial statements included herein have been prepared by management, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Management believes, however, that the disclosures herein are adequate to make the information presented not misleading and that no adjustments to these condensed interim financial statements are necessary.

The results of operations for the period ended March 31, 1992 are not necessarily indicative of the results to be expected for a full year.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Osage Footwear, Inc. (the "Company") was incorporated in February 1991 for the purpose of manufacturing, importing and selling shoes. The Company acquired substantially all of the assets of Jumping-Jacks Shoes, Inc. on February 18, 1991 (the "acquisition date") in a business combination accounted for using the purchase method of accounting. The Company acquired the assets through assumption of liabilities currently estimated at approximately $8,250,000 and the issuance of common stock with a value of approximately $2,667,000. The assets acquired and liabilities assumed have been valued at their fair value. The values used for certain assets and liabilities are based on the most current information presently available. Jumping-Jacks Shoes, Inc. was a debtor in possession at the time of the acquisition. Certain of the liabilities assumed by the Company are claims of unsecured creditors. The settlement of these claims is provided for in an order by the United States Bankruptcy Court. The Company believes that certain of these approved claims may be settled for less than the claimed amount while other claims may still arise as the claims payment process is completed. Consequently, changes in the ultimate claims that the Company may have to pay, and changes in the currently recovered values of certain assets and liabilities accounted for on a tentative basis may need to be adjusted as additional information, which the Company has arranged to obtain, becomes available. The amount of the adjustment is not expected by management to have a significant effect on the financial position of the Company. Such purchase price adjustments will be made as soon as the information is available.

Inventories - The Company accounts for all inventories at the lower of cost using the first-in, first-out (FIFO) method of accounting or market.

Property, Plant and Equipment - Property, plant and equipment is stated at fair market value. Depreciation is computed using the straight-line method over the properties' estimated useful lives which range from 5 to 15 years, commencing at the acquisition date of the Company. The properties' fair values have been determined considering the cost of necessary repairs to be made to buildings.

Prepaid Expenses and Other - Lasts, dies and patterns are amortized over twelve months using the straight-line method.

Trade Names and Other Assets - Trade names acquired are amortized over five years using the straight-line method. Molds and organization costs, which are both included in other assets, are amortized over five years using the straight-line method. Such assets are periodically reviewed to determine their continuing period of benefit and may be charged against operations or amortization may be accelerated if a determination is made that their benefit has ceased or the period of benefit has decreased.

Income Taxes - Deferred taxes will be provided for the temporary differences between the financial accounting bases of assets and liabilities and their related income tax bases. At the acquisition date, the principal difference between the financial reporting and income tax reporting bases resulted from certain assets being stated at fair value at the acquisition date for financial reporting purposes and at historical cost for income tax reporting purposes. A deferred tax asset is recognized only in the event that net deductible amounts in future years would be recoverable by a carryback refund of taxes paid in current or prior years or by reduction of a current deferred tax liability.

(3) INVENTORIES

	March 31, 1992	December 31, 1991
Inventories consisted of:		
Raw materials	760	1,280
Work in process	328	232
Finished goods	2,761	3,913
Total	3,849	5,425

(4) NOTES PAYABLE AND LONG-TERM DEBT

Notes payable and long-term debt at March 31, 1992 and December 31, 1991, consisted of:	March 31, 1992	December 31, 1991
Note payable to majority stockholder, due on demand, or if no demand due April 1992, interest at 4.6 percent at March 31, 1992, payable in full at maturity, collateralized by certain land, buildings, equipment and inventories	1,400	1,400
Note payable to majority stockholder, short-term, interest at Bank of Boston's base rate plus 1/2 percent (7.0 percent at March 31, 1992), subordinate to the companies revolving line of credit	2,000	0
Revolving line of credit ($4,000,000), payable to a bank, due July 1, 1992, interest at bank prime plus 1/2 percent (7.00 percent at March 31, 1992), collateralized by accounts receivable and inventories and by guaranty of majority stockholder	3,628	2,578

Notes payable to insurance companies, due February 1994, interest at 12 percent, payable in monthly installments of interest only, principal due in full at maturity, collateralized by certain land, buildings, machinery and equipment	0	1,500
Notes payable to insurance companies, due February 2001, interest at 9.68 percent, interest only payable semiannually, beginning September 1, 1991, with equal principal payments of $56,814 plus interest due semiannually, beginning September 1, 1992, unsecured	1,023	1,023
	8,051	6,501
Less current maturities of long-term debt	7,142	4,035
	909	2,466

Scheduled maturities of notes payable and long-term debt at March 31, 1992, are as follows:

Year ending March 31, 1992:	
1993	7,142
1994	113
1995	113
1996	113
1997	113
Thereafter	457
	8,051

Included in other income is $200,000 for discount due to early payment of the secured promissory notes.

(5) ASSUMED CLAIMS OF CREDITORS

At the acquisition date, the Company agreed to assume the liability for certain unsecured claims of creditors of Jumping-Jacks Shoes, Inc. and administrative expenses related to Jumping-Jacks Shoes, Inc. bankruptcy proceedings (collectively referred to as "claims"). The total amount of claims assumed is estimated to be $1,065,000. This amount is based on management's determination of liability considering claims filed, claims in dispute and claims to be negotiated by the Company. This amount may be adjusted upon final determination of the actual liability. Upon such adjustment the purchase price allocation would be affected. The amount of the adjustment is not expected by management to have a significant effect on the financial position of the Company.

Of the total estimated claims made, the Company has agreed pursuant to the acquisition to pay claims totaling approximately $900,000 at various dates after February 18, 1991. The remaining claims are to be paid over a ten year period beginning with interest only at the rate of 9.68 percent due in February 1992 with equal semi-annual principal payments plus interest beginning in August 1992 and continuing through February 2001.

(6) STOCKHOLDERS' EQUITY

The company has issued 16,597,400 shares of common stock as of March 31, 1992. Pursuant to order of the United States Bankruptcy Court, the Company is to issue 17,846,667 shares of common stock having a par value of $.01. At March 31, 1992, issuance of the 17,846,667 shares had not been completed pending various procedural matters including determination of the necessary allocation of certain shares among the former creditors of Jumping-Jacks Shoes, Inc. Upon issuance of the remaining shares, a reclassification will be made increasing common stock to an amount equal to the total shares issued times the $.01 par value and decreasing capital in excess of par value by an equal amount. Earnings per share have been calculated as if the 17,846,667 shares were issued and outstanding for the entire period. Of the 17,846,667 shares, 11,600,333 (65.0 percent) shares have been issued to one stockholder (the "majority stockholder"). The remaining shares which are to be issued in exchange for rights of the former stockholders and creditors of Jumping-Jacks Shoes, Inc. are included in stockholders' equity at their fair value derived from the shares acquired by the majority stockholder.

(7) INCOME TAXES

The Company has net operating loss carryforwards for financial and federal income tax reporting purposes of approximately $1,217,000 and $1,578,000, respectively. Differences in carryforwards for financial and federal income tax purposes related primarily to the method of accounting for bad debts. The carryforwards expire in the year ending December 31, 2006.

(8) RELATED PARTIES

The Company has a management agreement with its majority stockholder under which the stockholder agrees to provide consulting services in various areas of the Company's operations and administration for a period of five years. The Company is to pay $130,000 annually to the stockholder for such services.

The Company also has a guaranty agreement with its majority stockholder under which the stockholder agrees to guaranty the $4,000,000 revolving line of credit with a bank. The Company is to pay one percent of the total committed line of credit as an annual fee.

Accounts payable of approximately $69,000 are payable to the majority stockholder.

PART I ITEM II

OSAGE FOOTWEAR, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OPERATIONS

For the three months ended March 31, 1992:

Operations for the period resulted in net income of $473,000 on net sales of $7,059,000, or 6.7 percent. These amounts increased considerably from the prior year numbers. The most recent period includes a full three months, January 1 through March 31, 1992, while the prior year period included only February 18, through March 31, 1991. This represents a net income of $.03 per share for the period.

Other income for the period includes a $200,000 discount for early payment of the companies secured promissory note which was paid in full during the quarter.

LIQUIDITY

Operating capital was provided to the Company by loans of $1.4 million and $2 million from the majority stockholder, Munro & Company, Inc., and a $4 million revolving line of credit from First Tennessee Bank National Association of Memphis, Tennessee, which is guaranteed by the majority stockholder. The availability of funds from this revolving line are determined by a borrowing base formula equal to 80% of eligible trade receivables and 40% of eligible inventories. Current borrowings under this line are $3.6 million. The Company is negotiating an agreement with the majority stockholder to act as factor for both trade receivables and inventories.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Registrant is not currently involved in any legal proceedings which, in the judgment of the Registrant, subjects it to liability that would be material and is not adequately covered by insurance.

Item 6 (a). Exhibits

None

Item 6 (b). Report on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OSAGE FOOTWEAR, INC.

Date : May 15, 1992

Jim Schumacher, Chief Executive Officer

Date : May 15, 1992

Charles E. Hinkle, Vice President - Treasurer